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## **FEDERAL RESERVE SYSTEM**

### **Agency Information Collection Activities: Announcement of Board**

### **Approval Under Delegated Authority and Submission to OMB**

**AGENCY:** Board of Governors of the Federal Reserve System.

**SUMMARY:** Notice is hereby given of the final approval of a proposed information collection by the Board of Governors of the Federal Reserve System (Board) under OMB delegated authority, as per 5 CFR 1320.16 (OMB Regulations on Controlling Paperwork Burdens on the Public).

Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the Paperwork Reduction Act Submission, supporting statements and approved collection of information instrument(s) are placed into OMB's public docket files. The Federal Reserve may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

### **FOR FURTHER INFORMATION CONTACT:**

Federal Reserve Board Acting Clearance Officer — John Schmidt —  
Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551 (202) 452-3829. Telecommunications

Device for the Deaf (TDD) users may contact (202) 263-4869, Board of Governors of the Federal Reserve System, Washington, DC 20551.

OMB Desk Officer — Shagufta Ahmed — Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17<sup>th</sup> Street, NW., Washington, DC 20503.

**Final approval under OMB delegated authority of the revision, without extension, of the following report:**

*Report title:* Capital and Asset Report for Foreign Banking Organizations.

*Agency form number:* FR Y-7Q.

*OMB control number:* 7100-0125.<sup>1</sup>

*Frequency:* Quarterly and annually.

*Reporters:* Foreign Banking Organizations.

*Estimated annual reporting hours:* FR Y-7Q (quarterly): 763 hours;

FR Y-7Q (annually): 65 hours.

*Estimated average hours per response:* FR Y-7Q (quarterly): 1.75 hours;

FR Y-7Q (annually): 1.5 hours.

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<sup>1</sup> Also included in this family of reports are the following reports, which are not being revised: the Financial Statements of U.S. Nonbank Subsidiaries Held by Foreign Banking Organizations (FR Y-7N) and the Abbreviated Financial Statements of U.S. Nonbank Subsidiaries Held by Foreign Banking Organizations (FR Y-7NS).

*Number of respondents:* FR Y-7Q (quarterly): 109; FR Y-7Q (annually): 43.

*General description of report:* This information collection is mandatory (12 U.S.C. 1844(c), 3106(c) and 3108)). Overall, the Federal Reserve does not consider these data to be confidential. However, individual respondents may request confidential treatment for any of these reports pursuant to sections (b)(4) and (b)(6) of the Freedom of Information Act (5 U.S.C. 522(b)(4) and (b)(6)). The applicability of these exemptions would need to be determined on a case-by-case basis.

*Abstract:* The FR Y-7Q collects consolidated regulatory capital information from all FBOs either quarterly or annually. The FR Y-7Q is filed quarterly by FBOs that have effectively elected to become financial holding companies (FHCs) and by FBOs that have total consolidated assets of \$50 billion or more, regardless of FHC status. All other FBOs file the FR Y-7Q annually.

*Current Actions:* On June 18, 2014, the Federal Reserve published a notice in the *Federal Register* (79 FR 34753) requesting public comment for 60 days on the revision to the FR Y-7Q. The comment period for this notice expired on August 18, 2014. The Federal Reserve received one comment

letter addressing the proposed revision of this information collection. The comment is summarized and addressed below.

### **Summary of Public Comment**

The Federal Reserve received one comment letter regarding the proposed revision to the FR Y-7Q from one industry association. The commenter asked for an explanation of the instructions for calculating the proposed new data item, Total U.S. non-branch assets, and suggested an alternative approach for calculating the new item.

### **Detailed Discussion of Public Comment and Recommended Response**

Under the proposal, in December 2014, the Federal Reserve proposed to collect a new data item, Total U.S. non-branch assets, to determine whether an FBO meets the threshold for formation of a U.S. IHC. This item would collect the sum of the total combined assets of a top-tier FBO's top-tier U.S. domiciled affiliates.<sup>2</sup> In situations where a top-tier U.S. domiciled affiliate is a parent of one or more subsidiaries, the total consolidated assets of the affiliate would include the assets of the affiliate and its subsidiaries, in accordance with U.S. Generally Accepted Accounting Principles (GAAP),

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<sup>2</sup> Total combined assets of the top-tier FBO's U.S. domiciled affiliates should exclude the assets of section 2(h)(2) companies as defined in section 2(h)(2) of the Bank Holding Company Act (12 U.S.C. 1841(h)(2)) and DPC branch subsidiaries. This item excludes the assets of U.S. branches and agencies.

and the total consolidated assets (or total assets, as applicable) of each top-tier U.S. domiciled affiliate would be combined. In situations where a top-tier U.S. domiciled subsidiary is not consolidated with the FBO for GAAP purposes, that entity would be accounted for under the equity method and the sum of the amount of the investments would be included in the sum of the total combined assets of top-tier U.S. domiciled affiliates.

The Federal Reserve received one comment on the proposed new item, Total U.S. non-branch assets. To produce the new item, the commenter suggested subtracting total U.S. branch and agency assets from an existing report item, Total combined assets of U.S. operations, net of intercompany balances and transaction between U.S. domiciled affiliates, branches, and agencies. However, the modification suggested by the commenter would result in FBOs understating their U.S. non-branch assets because the U.S. subsidiaries' asset exposures to affiliated U.S. branches and agencies would be excluded from the calculation. As described in the preamble to Regulation YY, the final rule requires an FBO to reduce its U.S. non-branch asset by the amount corresponding to any balances and transactions between any top tier U.S. subsidiaries that would be eliminated in consolidation.<sup>3</sup> However, the final rule does not permit an FBO to reduce

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<sup>3</sup> 79 FR 17240, 17273 (March 27, 2014).

its U.S. non-branch asset by the amount corresponding to balances and transactions between the U.S. subsidiaries and its U.S. branches and agencies or non-U.S. affiliates.<sup>4</sup>

After careful consideration of the suggested alternative and for the reasons discussed above, the Federal Reserve will implement the proposed line item without modification.

Board of Governors of the Federal Reserve System, November 17, 2014.

Robert deV. Frierson,  
Secretary of the Board.

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<sup>4</sup> 12 CFR 252.152(b)(2).